SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended August 29, 1998

Commission File Number 1-8504

UNIFIRST CORPORATION
(Exact name of registrant as specified in its charter)

Massachusetts	04-2103460
(State of Incorporation)	(IRS Employer Identification Number)

68 Jonspin Road
Wilmington, Massachusetts 01887
(Address of principal executive offices)

Registrant's telephone number, including area code: (978) 658-8888

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of each exchange on which shares are traded
Common Stock, $.10 par value per share	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The number of outstanding shares of UniFirst Corporation Common Stock and Class B Common Stock at November 9, 1998 were 10,216,864 and 10,293,744, respectively, and the aggregate market value of these shares held by non-affiliates of the Company on said date was $276,486,148 (based upon the closing price of the Company's Common Stock on the New York Stock Exchange on said date and assuming the market value of a share of Class B Common Stock (which is generally non-transferable, but is convertible at any time into one share of Common Stock) is identical to the market value of the Common Stock).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's 1998 Annual Report to Shareholders and the Company's Proxy Statement for its 1999 Annual Meeting of Shareholders (which will be filed with the Securities and Exchange Commission within 120 days after the close of the 1998 fiscal year) are incorporated by reference into Parts II, III and IV hereof.

ITEM 1. BUSINESS

GENERAL

UniFirst Corporation (the "Company") is one of the largest providers of workplace uniforms and protective clothing in the United States. The Company rents, manufactures and sells a wide range of uniforms and protective clothing, including shirts, pants, jackets, coveralls, jumpsuits, lab coats, smocks and aprons, and also rents industrial wiping products, floormats and other non-garment items, to a variety of manufacturers, retailers and service companies. The Company serves businesses of all sizes in numerous industry categories. Typical customers include automobile service centers and dealers, delivery services, food and general merchandise retailers, food processors and service operations, light manufacturers, maintenance facilities, restaurants, service companies, soft and durable goods wholesalers, transportation companies, and others who require employee clothing for image, identification, protection or utility purposes. At certain specialized facilities, the Company also decontaminates and cleans work clothes that may have been exposed to radioactive materials and services special cleanroom protective wear. Typical customers for these specialized services include government agencies, research and development laboratories, high technology companies and utilities operating nuclear reactors. In fiscal 1998, the Company generated $448.1 million in revenue, of which approximately 68% was from the rental of uniforms and protective clothing, 22% was from the rental of non-garment items, 7% was from garment decontamination services, and 3% was from the direct sale of garments.

PRODUCTS AND SERVICES

The Company provides its customers with personalized workplace uniforms and protective work clothing in a broad range of styles, colors, sizes and fabrics. The Company's uniform products include shirts, pants, jackets, coveralls, jumpsuits, smocks, aprons and specialized protective wear, such as garments for use in radioactive and clean room environments and fire retardant garments. The Company also offers non-garment items and services, such as industrial wiping products, floormats, mop dust-control service and other textile products. At certain specialized facilities, the Company also decontaminates and cleans clothes which may have been exposed to radioactive materials and services special cleanroom protective wear.

The Company offers its customers a range of garment service options, including full-service rental programs in which garments are cleaned and serviced by the Company and lease programs in which garments are cleaned and maintained by individual employees, as well as the opportunity to purchase garments and related items directly. As part of its rental business, the Company picks up a customer's soiled uniforms or other items on a periodic basis (usually weekly) and delivers at the same time cleaned and processed replacement items. The Company's centralized services, specialized equipment and economies of scale generally allow it to be more cost effective in providing garment services than customers could be by themselves, particularly those customers with high employee turnover rates. The Company's uniform program is intended not only to help its customers foster greater company identity, but to enhance their corporate image and improve employee safety, productivity and morale. The Company typically serves its customers pursuant to written service contracts that range in duration from three to five years.

CUSTOMERS

The Company serves businesses of all sizes in numerous industry categories.

Typical customers include automobile service centers and dealers, delivery services, food and general merchandise retailers, food processors and service operations, light manufacturers, maintenance facilities, restaurants, service companies, soft and durable goods wholesalers, transportation companies, and others who require employee clothing for image, identification, protection or utility purposes. The Company currently services over 100,000 customer locations in 45 states, Canada and Europe from approximately 133 service locations and distribution centers. For fiscal 1996, 1997 and 1998, the Company's garment rental operations produced approximately 67%, 68% and 68%, respectively, of its revenues, while non-garment rentals accounted for 23%, 22% and 22%, the specialized garment services business accounted for approximately 7% and direct sales of garments accounted for 3%, of the Company's revenues during each such period. During the past five years, no single customer accounted for more than 1% of total revenues in any year.

MARKETING AND CUSTOMER SERVICE

The Company employs more than 320 trained sales representatives whose sole function is to market the Company's services to potential customers and develop new accounts. The Company also utilizes its route salespeople to maximize sales to existing customers, such as by offering garment rental customers the opportunity to purchase non-garment items. Potential customers are contacted by mail, by telephone and in-person. Sales representatives develop their appointments through the use of an extensive, proprietary database of pre-screened and qualified business prospects. This database is built through responses to the Company's promotional initiatives, through contacts via its World Wide Web site and trade shows and through the selective use of purchased lists. The Company also endeavors to elevate its brand identity through certain advertising and promotional initiatives, including the sponsorship of a NASCAR auto racing team.

The Company believes that customer service is the most important element in developing and maintaining its market position and that its emphasis on customer service is reflected throughout its business. The Company serves its customers through approximately 975 route salespersons, who generally interact on a weekly basis with their accounts, and more than 550 service support people, who are charged with expeditiously handling customer requirements regarding the outfitting of new customer employees, garment repair and replacement, billing inquiries and other matters. The Company's policy is to respond to all customer inquiries and problems within 24 hours.

The Company's customer service function is supported by its fully-networked management information systems, which provide Company personnel with access to information on the status of customers' orders, inventory availability and shipping information, as well as information regarding customers' individual

employees, including names, sizes, uniform styles and colors. The Company has recently established a national account sales group that targets larger customers with nationwide operations for which the Company can serve as the primary supplier of garment services. The Company currently employs ten persons in its national account sales organization and it intends to expand this group as it becomes more established.

COMPETITION

The uniform rental and sales industry is highly competitive. The Company believes that the top five companies in the uniform rental segment of the industry currently generate over half of the industry's volume. The remainder of the market, however, is divided among more than 600 smaller businesses, many of which serve one or a limited number of markets or geographic service areas and generate annual revenues of less than $1.0 million, and a small group of which have revenues of up to approximately $200 million. Although the Company is one of the larger companies engaged in the uniform rental and sales business, there are other firms in the industry which are larger and have greater financial resources than the Company. The Company's leading competitors include ARAMARK Corporation, Cintas Corporation, G&K Services, Inc. and Unitog Company. In addition to its traditional rental competitors, the Company may increasingly compete in the future with businesses that focus on selling uniforms and other related items. The principal methods of competition in the industry are quality of service and price. The Company also competes with industry competitors for acquisitions, which has the effect of increasing the price for acquisitions and reducing the number of available acquisition candidates. The Company believes that its ability to compete effectively is enhanced by the superior customer service and support that it provides its customers.

MANUFACTURING AND SOURCING

The Company manufactured approximately 55% of all garments which it placed in service during fiscal 1998. These included work pants manufactured at its plant in Luquillo, Puerto Rico, shirts manufactured at its plant in Cave City, Arkansas, and jackets and certain specialty garments manufactured at its plant in Wilburton, Oklahoma. The balance of the garments used in its programs are purchased from a variety of industry suppliers. While the Company currently acquires the raw materials with which it produces its garments from a limited number of suppliers, the Company believes that such materials are readily available from other sources. To date, the Company has experienced no significant difficulty in obtaining any of its raw materials or supplies.

EMPLOYEES

At August 29, 1998, the Company employed approximately 7,300 persons, about 5% of whom are represented by unions pursuant to six separate collective bargaining agreements. The Company considers its employee relations to be good.

EXECUTIVE OFFICERS

The executive officers of the Company are as follows:

NAME	AGE	POSITION
Aldo Croatti	80	Chairman of the Board
Ronald D. Croatti	55	Vice Chairman of the Board, President and Chief Executive Officer
Robert L. Croatti	62	Executive Vice President
John B. Bartlett	57	Senior Vice President and Chief Financial Officer
Cynthia Croatti	43	Treasurer
Bruce P. Boynton	50	Vice President, Canadian Operations
Dennis G. Assad	53	Vice President, Sales and Marketing

The principal occupation and positions for the past five years of the executive officers named above are as follows:

Aldo Croatti has been Chairman of the Board since the Company's incorporation in 1950 and of certain of its predecessors since 1940.

Ronald D. Croatti joined the Company in 1965. Mr. Croatti became Vice Chairman of the Board in 1986 and has served as Chief Executive Officer since 1991 and President since August 31, 1995. Mr. Croatti has overall responsibility for the management of the Company.

Robert L. Croatti joined the Company in 1959. Mr. Croatti has served as Executive Vice President since 1986 and has primary responsibility for overseeing the rental operations of the Company.

John B. Bartlett joined the Company in 1977. Mr. Bartlett has served as Senior Vice President and Chief Financial Officer since 1986 and has primary responsibility for overseeing the financial functions of the Company, as well as its human resources and information systems departments.

Cynthia Croatti joined the Company in 1980. Ms. Croatti has served as Treasurer since 1982 and has primary responsibility for overseeing the purchasing and direct sales functions of the Company.

Bruce P. Boynton joined the Company in 1976. Mr. Boynton has served as Vice President, Canadian Operations since 1986 and is the chief operating officer for the Company's Canadian operations.

Dennis G. Assad joined the Company in 1975. Mr. Assad has served as Vice President, Sales and Marketing since 1995 and has primary responsibility for overseeing the sales and marketing functions of the Company. Prior to that time, Mr. Assad served as a Regional General Manager of the Company.

Ronald D. Croatti, Robert L. Croatti and Cynthia Croatti are a son, nephew and daughter, respectively, of Aldo Croatti.

ENVIRONMENTAL MATTERS

The Company and its operations are subject to various federal, state and local laws and regulations governing, among other things, the generation, handling, storage, transportation, treatment and disposal of hazardous wastes and other substances. In particular, industrial laundries use and must dispose of detergent waste water and other residues. The Company is attentive to the environmental concerns surrounding the disposal of these materials and has through the years taken measures to avoid their improper disposal. In the past, the Company has settled, or contributed to the settlement of, actions or claims brought against the Company relating to the disposal of hazardous materials and there can be no assurance that the Company will not have to expend material amounts to remediate the consequences of any such disposal in the future. Further, under environmental laws, an owner or lessee of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances located on or in or emanating from such property, as well as related costs of investigation and property damage. Such laws often impose liability without regard to whether the owner or lessee knew of or was responsible for the presence of such hazardous or toxic substances. There can be no assurances that acquired or leased locations have been operated in compliance with environmental laws and regulations or that future uses or conditions will not result in the imposition of liability upon the Company under such laws or expose the Company to third-party actions such as tort suits.

In addition, the federal Environmental Protection Agency has recently proposed a federal environmental regulatory framework applicable to industrial laundry operations that would replace local regulations. Scheduled to take effect in 1999, these regulations, if implemented as proposed, would require the Company to expend substantial amounts on compliance, thereby increasing the Company's operating costs and capital expenditures. To the extent such costs and expenses could not be offset through price increases, the Company's results of operations could be adversely affected.

The Company's nuclear garment decontamination facilities are licensed by the Nuclear Regulatory Commission, or in certain cases by the applicable state agency, and are subject to regulation by federal, state and local authorities. In recent years, there has been increased scrutiny and, in certain cases, regulation of nuclear facilities or related services that have resulted in the suspension of operations at certain nuclear facilities served by the Company or disruptions of the Company's ability to service such facilities. There can be no assurance that such increased scrutiny will not lead to the shut-down of such facilities or otherwise cause material disruptions in the Company's garment decontamination business.

ITEM 2. PROPERTIES

At August 29, 1998, the Company owned or occupied 136 facilities containing an aggregate of approximately 3.6 million square feet located in the United States, Canada, Puerto Rico and the Netherlands. These facilities include the Company's 320,000 square foot Owensboro, Kentucky distribution center (which the Company believes is one of the largest and most advanced garment distribution facilities in the industry) and its garment manufacturing plants in Luquillo, Puerto Rico, Cave City, Arkansas, and Wilburton, Oklahoma, as well as 11 decontamination facilities located in Massachusetts, New Mexico, California, Washington, Hawaii, Pennsylvania, South Carolina, Virginia, Georgia, Illinois and The Netherlands. The Company owns 79 of these facilities containing approximately 2.8 million square feet. The Company believes that by owning its manufacturing facilities, it can produce custom garment programs for its larger customers, offer a diverse range of designs within its standard line of garments and better control the quality, price and speed at which it produces such garments. The Company also believes that its industrial laundry facilities are among the most modern in the industry.

The Company owns substantially all of the machinery and equipment used in its operations. In the opinion of the Company, all of its facilities and its production, cleaning and decontamination equipment have been well maintained, are in good condition and are adequate for the Company's present needs. The Company also owns and leases a fleet of approximately 1,775 delivery vans, trucks and other vehicles. The Company believes that these vehicles are in good repair and are adequate for the Company's present needs.

ITEM 3. LEGAL PROCEEDINGS

From time to time the Company is subject to legal proceedings and claims arising from the conduct of its business operations, including personal injury, customer contract disputes, employment claims and environmental matters as described in Item 1 above. The Company maintains insurance coverage providing indemnification against many of such claims. In the opinion of management, the ultimate disposition of these matters on an aggregate basis will not have a material adverse effect on the Company's financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO VOTE OF SECURITY HOLDERS

None

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Incorporated by reference to the information provided under the caption "Common Stock Prices and Dividends Per Share" in the Company's 1998 Annual Report to Shareholders.

ITEM 6. SELECTED FINANCIAL DATA

Incorporated by reference to the information provided under the caption "Eleven Year Financial Summary" in the Company's 1998 Annual Report to Shareholders.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Incorporated by reference to the information provided under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 1998 Annual Report to Shareholders.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Risk

Management has determined that all of the Company's foreign subsidiaries operate primarily in local currencies that represent the functional currencies of the subsidiaries. All assets and liabilities of foreign subsidiaries are translated into U.S. dollars using the exchange rate prevailing at the balance sheet date, while income and expense accounts are translated at average exchange rates during the year. As such, the Company's operating results are affected by fluctuations in the value of the U.S. dollar as compared to currencies in foreign countries, as a result of the Company's transactions in these foreign markets. The Company does not operate a hedging program to mitigate the effect of a significant rapid change in the value of the Dutch Guilder or the Canadian Dollar as compared to the U.S. dollar. If such a change did occur, the Company would have to take into account a currency exchange gain or loss in the amount of the change in the U.S. dollar denominated balance of the amounts outstanding at the time of such change. While the Company does not believe such a gain or loss is likely, and would not likely be material, there can be no assurance that such a loss would not have an adverse material effect on the Company's results of operations or financial condition.

Interest Rate Risk

The Company is exposed to market risk from changes in interest rates which may adversely affect its financial position, results of operations and cash flows. In seeking to minimize the risks from interest rate fluctuations, the Company manages exposures through its regular operating and financing activities. The Company does not use financial instruments for trading or other speculative purposes and is not party to any leveraged financial instruments.

The Company is exposed to interest rate risk primarily through its borrowings under its $60 million unsecured line of credit with two banks. Under the line of credit, the Company may borrow funds at variable interest rates based on the LIBOR rate or the bank's money market rate, as selected by the Company. The Company has also entered into an interest rate swap agreement with a bank, maturing on December 12, 1998, which locks in the interest rate on $15 million at a fixed rated of 5.53% to help manage the Company's exposure to interest rate movements and reduce borrowing costs.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and the accompanying notes, which are incorporated herein by reference to the Company's 1998 Annual Report to Shareholders, are indexed herein under Items 14(a)(1) and (2) of Part IV.

ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

Not applicable

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Incorporated by reference to the information provided under the caption "Election of Directors" in the Company's Proxy Statement for its 1999 Annual Meeting of Shareholders.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference to the information provided under the caption "Summary Compensation Table" in the Company's Proxy Statement for its 1999 Annual Meeting of Shareholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated by reference to the information provided under the captions "Election of Directors" and "Security Ownership of Management and Principal Shareholders" in the Company's Proxy Statement for its 1999 Annual Meeting of Shareholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference to the information provided under the caption "Certain Relationships and Related Transactions" in the Company's Proxy Statement for its 1999 Annual Meeting of Shareholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The financial statements listed below are filed as part of this report:

1. and 2. FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES.

The financial statements and financial statement schedules listed below are incorporated herein by reference to the Company's 1998 Annual Report to Shareholders.

Consolidated balance sheets as of August 29, 1998 and August 30, 1997

Consolidated statements of income for each of the three years in the period ended August 29, 1998

Consolidated statements of shareholders' equity for each of the three years in the period ended August 29, 1998

Consolidated statements of cash flows for each of the three years in the period ended August 29, 1998

Notes to consolidated financial statements

Report of independent public accountants

The following additional schedules are filed herewith:

Report of independent public accountants on supplemental schedule to the consolidated financial statements.

Schedule II -

Valuation and qualifying accounts for each of the three years in the period ended August 29, 1998.

Separate financial statements of the Company have been omitted because the Company is primarily an operating company and all subsidiaries included in the consolidated financial statements are wholly owned.

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the financial statements or the notes thereto.

3. EXHIBITS. The exhibits listed in the accompanying Exhibit Index are filed as part of this report.

(b) During the three months ended August 29, 1998 the Company did not file any reports on Form 8-K with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UniFirst Corporation

By: Aldo Croatti

Aldo Croatti
Chairman

Date: November 25, 1998

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

NAME	TITLE	DATE
Aldo Croatti - ----------------------- Aldo Croatti	Chairman and Director	November 25, 1998
Ronald D. Croatti - ----------------------- Ronald D. Croatti	Principal Executive Officer and Director	November 25, 1998
John B. Bartlett - ----------------------- John B. Bartlett	Principal Financial Officer and Principal Accounting Officer	November 25, 1998
Cynthia Croatti - ----------------------- Cynthia Croatti	Director	November 25, 1998
Donald J. Evans - ----------------------- Donald J. Evans	Director	November 25, 1998
Reynold L. Hoover - ----------------------- Reynold L. Hoover	Director	November 25, 1998
Albert Cohen - ----------------------- Albert Cohen	Director	November 25, 1998

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SUPPLEMENTAL SCHEDULE TO THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors and Shareholders of UniFirst Corporation:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in this Form 10-K, and have issued our report thereon dated November 3, 1998. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental schedule to the consolidated financial statements listed as Item 14(a)(2) in the Form 10-K is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein, in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
November 3, 1998

UNIFIRST CORPORATION AND SUBSIDIARIES
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS FOR EACH
OF THE THREE YEARS IN THE PERIOD ENDED AUGUST 29, 1998

Description	Balance, Beginning of Period	Charged to Costs and Expenses	Charges for Which Reserves Were Created	Balance, End of Period
For the year ended August 29, 1998				
Allowance for doubtful accounts	$ 1,299,000	$2,759,000	$(2,529,000)	$ 1,529,000
For the year ended August 30, 1997				
Allowance for doubtful accounts	$ 843,000	$2,428,000	$(1,972,000)	$ 1,299,000
For the year ended August 31, 1996				
Allowance for doubtful accounts	$ 734,000	$1,850,000	$(1,741,000)	$ 843,000

EXHIBIT INDEX

DESCRIPTION

3-A Restated Articles of Organization -- incorporated by reference to Exhibit 3-A to the Company's Registration Statement on Form S-1 (No. 2-83051) -- and the Articles of Amendment dated January 12, 1988, a copy of which was filed on an exhibit to the Company's Annual Report on Form 10-K for fiscal year ended August 27, 1988 -- and the Articles of Amendment dated January 21, 1993, a copy of which was filed on an exhibit to the Company's Quarterly Report on Form 10-Q for fiscal quarter ended February 27, 1993.

3-B By-laws -- incorporated by reference to Exhibit 3-B to the Company's Annual Report on Form 10-K for fiscal year ended August 31, 1991.

10-A UniFirst Corporation Profit Sharing Plan -- incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 (number 33-60781) -- and the Amendment dated June 27, 1995, a copy of which was filed on an exhibit to the Company's Annual Report on Form 10-K for fiscal year ended August 31, 1996.

10-D UniFirst Corporation 1996 Stock Incentive Plan, a copy of which was filed on an exhibit to the Company's Annual Report on Form 10-K for fiscal year ended August 31, 1996.

13 The Company's 1998 Annual Report to Shareholders (filed herewith to the extent expressly incorporated by reference herein).

21 List of Subsidiaries

23 Consent of Arthur Andersen LLP

27 Financial Data Schedule

EXHIBIT 13

Consolidated Balance Sheets
UniFirst Corporation and Subsidiaries

	August 29, 1998	August 30, 1997
Assets		
Current assets:		
Cash and cash equivalents	$ 5,330,000	$ 4,054,000
Receivables, less reserves of $1,529,000 in 1998 and $1,299,000 in 1997	42,127,000	39,431,000
Inventories	24,152,000	19,497,000
Rental merchandise in service	42,971,000	40,013,000
Prepaid expenses	188,000	149,000
Total current assets	114,768,000	103,144,000
Property and equipment:		
Land, buildings and leasehold improvements	150,853,000	137,281,000
Machinery and equipment	165,762,000	142,242,000
Motor vehicles	41,608,000	37,276,000
	358,223,000	316,799,000
Less - accumulated depreciation	147,261,000	128,532,000
	210,962,000	188,267,000
Other assets	50,400,000	48,215,000
	$ 376,130,000	$ 339,626,000
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities of long-term obligations	$ 1,194,000	$ 1,040,000
Notes payable	2,511,000	3,213,000
Accounts payable	14,109,000	13,085,000
Accrued liabilities	45,101,000	45,637,000
Accrued and deferred income taxes	2,540,000	2,555,000
Total current liabilities	65,455,000	65,530,000
Long-term obligations, net of current maturities	45,955,000	39,797,000
Deferred income taxes	18,346,000	17,107,000
Shareholders' equity:		
Preferred stock, $1.00 par value; 2,000,000 shares authorized; none issued	--	--
Common stock, $.10 par value; 30,000,000 shares authorized; issued and outstanding 10,216,864 shares in 1998 and 7,898,864 shares in 1997	1,022,000	790,000
Class B common stock, $.10 par value; 20,000,000 shares authorized; issued and outstanding 10,293,744 shares in 1998 and 12,611,744 shares in 1997	1,029,000	1,261,000
Capital surplus	7,078,000	7,078,000
Retained earnings	239,952,000	208,949,000
Cumulative translation adjustment	(2,707,000)	(886,000)
Total shareholders' equity	246,374,000	217,192,000
	$ 376,130,000	$ 339,626,000

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Income
UniFirst Corporation and Subsidiaries

Year Ended	August 29, 1998	August 30, 1997	August 31, 1996
Revenues	$ 448,052,000	$ 419,093,000	$ 391,794,000
Cost and expenses:			
Operating costs	269,660,000	256,896,000	240,672,000
Selling and administrative expenses	97,588,000	91,810,000	89,393,000
Depreciation and amortization	26,629,000	23,386,000	20,814,000
	393,877,000	372,092,000	350,879,000
Income from operations	54,175,000	47,001,000	40,915,000
Interest expense (income):			
Interest expense	2,613,000	2,351,000	2,659,000
Interest income	(297,000)	(233,000)	(261,000)
	2,316,000	2,118,000	2,398,000
Income before income taxes	51,859,000	44,883,000	38,517,000
Provision for income taxes	18,669,000	16,160,000	13,855,000
Net income	$ 33,190,000	$ 28,723,000	$ 24,662,000
Weighted average number of shares outstanding	20,510,608	20,510,608	20,510,608
Net income per share - basic & diluted	$ 1.62	$ 1.40	$ 1.20
Dividends per share:			
Common stock	$ 0.12	$ 0.12	$ 0.11
Class B common stock	0.10	0.10	0.09

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Shareholders' Equity
UniFirst Corporation and Subsidiaries

	Common Shares	Class B Common Shares	Common Stock	Class B Common Stock	Capital Surplus	Retained Earnings	Cumulative Translation Adjustment
Balance, August 26, 1995	7,886,644	12,623,964	$ 789,000	$ 1,262,000	$ 7,078,000	$ 159,701,000	$ (234,000)
Net income	--	--	--	--	--	24,662,000	--
Dividends	--	--	--	--	--	(1,979,000)	--
Shares converted	20	(20)	--	--	--	--	--
Translation adjustment	--	--	--	--	--	--	(170,000)
Balance, August 31, 1996	7,886,664	12,623,944	789,000	1,262,000	7,078,000	182,384,000	(404,000)
Net income	--	--	--	--	--	28,723,000	--
Dividends	--	--	--	--	--	(2,158,000)	--
Shares converted	12,200	(12,200)	1,000	(1,000)	--	--	--
Translation adjustment	--	--	--	--	--	--	(482,000)
Balance, August 30, 1997	7,898,864	12,611,744	790,000	1,261,000	7,078,000	208,949,000	(886,000)
Net income	--	--	--	--	--	33,190,000	--
Dividends	--	--	--	--	--	(2,187,000)	--
Shares converted	2,318,000	(2,318,000)	232,000	(232,000)	--	--	--
Translation adjustment	--	--	--	--	--	--	(1,821,000)
Balance, August 29, 1998	10,216,864	10,293,744	$ 1,022,000	$ 1,029,000	$ 7,078,000	$ 239,952,000	$ (2,707,000)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows
UniFirst Corporation and Subsidiaries

Year ended	August 29, 1998	August 30, 1997	August 31, 1996
Cash flows from operating activities:			
Net income	$ 33,190,000	$ 28,723,000	$ 24,662,000
Adjustments:			
Depreciation	22,074,000	19,512,000	17,339,000
Amortization of other assets	4,555,000	3,874,000	3,475,000
Receivables	(2,691,000)	(2,455,000)	(2,272,000)
Inventories	(4,684,000)	(2,485,000)	(370,000)
Rental merchandise in service	(2,627,000)	(690,000)	(3,523,000)
Prepaid expenses	(41,000)	(22,000)	(9,000)
Accounts payable	1,022,000	1,401,000	(1,331,000)
Accrued liabilities	(416,000)	8,284,000	1,906,000
Accrued and deferred income taxes	83,000	(1,102,000)	(191,000)
Deferred income taxes	1,302,000	715,000	1,812,000
Net cash provided by operating activities	51,767,000	55,755,000	41,498,000
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(7,470,000)	(7,309,000)	(18,245,000)
Capital expenditures	(43,052,000)	(47,432,000)	(27,182,000)
Other assets, net	(3,479,000)	(112,000)	(1,432,000)
Net cash used in investing activities	(54,001,000)	(54,853,000)	(46,859,000)
Cash flows from financing activities:			
Increase in debt	7,405,000	3,533,000	12,762,000
Reduction of debt	(1,708,000)	(1,648,000)	(7,886,000)
Cash dividends paid or payable	(2,187,000)	(2,158,000)	(1,979,000)
Net cash provided by (used in) financing activities	3,510,000	(273,000)	2,897,000
Net increase (decrease) in cash and cash equivalents	1,276,000	629,000	(2,464,000)
Cash and cash equivalents at beginning of year	4,054,000	3,425,000	5,889,000
Cash and cash equivalents at end of year	$ 5,330,000	$ 4,054,000	$ 3,425,000
Supplemental disclosure of cash flow information:			
Interest paid	$ 2,613,000	$ 2,327,000	$ 2,691,000
Income taxes paid	17,445,000	16,577,000	12,439,000

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements
UniFirst Corporation and Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Description
UniFirst Corporation is a leader in the uniform and textile services business. The Company designs, manufactures, personalizes, rents, cleans, delivers and sells a variety of high quality occupational garments, career apparel and imagewear programs to businesses of all kinds. The Company also decontaminates and cleans, in separate facilities, garments which may have been exposed to radioactive materials.

Principles of Consolidation and Other
The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. Intercompany balances and transactions are eliminated in consolidation. The Company recognizes revenues when the actual services are provided to customers.

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Fiscal Year
The Company's fiscal year ends on the last Saturday in August. For financial reporting purposes, fiscal 1998 and fiscal 1997 had 52 weeks, while fiscal 1996 had 53 weeks.

Inventories
Inventories are stated at the lower of cost or market value. The Company uses the last-in, first-out (LIFO) method to value a significant portion of its inventories. Had the Company used the first-in, first-out (FIFO) accounting method, inventories would have been approximately $1,173,000 and $1,240,000 higher at August 29, 1998 and August 30, 1997, respectively.

Rental Merchandise in Service
Rental merchandise in service, stated at cost less amortization, is being amortized on a straight-line basis over the estimated service lives (primarily 15 months) of the merchandise. In July 1998 the Company changed the estimated service lives and related amortization periods for rental merchandise in service, from primarily 12 months to primarily 15 months. This resulted in approximately $2.0 million, or 0.4% of revenues, less in garment amortization expense than if the amortization period had not been changed.

Property and Equipment
The Company provides for depreciation on the straight-line method based on the following estimated useful lives:

Buildings	30-40 years
Leasehold improvements	Term of lease
Machinery and equipment	3-10 years
Motor vehicles	3-5 years

Notes to Consolidated Financial Statements
UniFirst Corporation and Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Assets
Customer contracts are amortized over periods of up to seventeen years. Restrictive covenants are amortized over the terms of the respective non-competition agreements, which range from five to fifteen years. Goodwill is amortized over periods of up to forty years.

Income Taxes
Deferred income taxes are provided for temporary differences between amounts recognized for income tax and financial reporting purposes at currently enacted tax rates.

Net Income Per Share
Net income per share is calculated using the weighted average number of common and dilutive potential common shares outstanding during the year. There were no dilutive potential common shares outstanding in 1996, 1997 or 1998.

Cash Flow Disclosures
Cash and cash equivalents include cash in banks and bank short-term investments with maturities of less than ninety days.

2. ACQUISITIONS

Information relating to the acquisition of industrial laundry businesses which were accounted for as purchases is as follows:

Year ended	August 29, 1998	August 30, 1997	August 31, 1996
Fair market value of assets acquired	$ 7,505,000	$ 7,413,000	$ 18,360,000
Liabilities assumed or created	35,000	104,000	115,000
Acquisition of businesses, net of cash acquired	$ 7,470,000	$ 7,309,000	$ 18,245,000

The results of operations of these acquisitions have been included on the Company's consolidated financial statements since their respective acquisition dates. None of these acquisitions were significant in relation to the Company's consolidated financial statements and therefore pro forma financial information has not been presented.

Notes to Consolidated Financial Statements
UniFirst Corporation and Subsidiaries

3. INCOME TAXES

The provision for income taxes consists of the following:

Year ended	August 29, 1998	August 30, 1997	August 31, 1996
Current:			
Federal and Foreign	$ 18,328,000	$ 14,259,000	$ 8,615,000
State	3,033,000	2,039,000	2,584,000
	21,361,000	16,298,000	11,199,000
Deferred:			
Federal and Foreign	(1,875,000)	(762,000)	2,295,000
State	(817,000)	624,000	361,000
	(2,692,000)	(138,000)	2,656,000
	$ 18,669,000	$ 16,160,000	$ 13,855,000

The following table reconciles the provision for income taxes using the statutory federal income tax rate to the actual provision for income taxes:

Year ended	August 29, 1998	August 30, 1997	August 31, 1996
Income taxes at the statutory federal income tax rate	$ 18,151,000	$ 15,709,000	$ 13,481,000
Puerto Rico exempt income	(1,062,000)	(988,000)	(877,000)
Corporate-Owned Life Insurance	(850,000)	(775,000)	(770,000)
State income taxes	1,434,000	1,450,000	1,222,000
Foreign income taxes	265,000	567,000	262,000
Other	731,000	197,000	537,000
	$ 18,669,000	$ 16,160,000	$ 13,855,000

The Company's Puerto Rico subsidiary's income is 90% exempt from Puerto Rico income taxes through 2001. The Company provides for anticipated tollgate taxes on the repatriation of the subsidiary's accumulated earnings.

The tax effect of items giving rise to the Company's net deferred tax liabilities are as follows:

	August 29, 1998	August 30, 1997	August 31, 1996
Rental merchandise in service	$ 15,470,000	$ 14,429,000	$ 13,814,000
Tax in excess of book depreciation	15,713,000	15,533,000	14,836,000
Accruals and other	(13,274,000)	(9,324,000)	(7,819,000)
	$ 17,909,000	$ 20,638,000	$ 20,831,000

Notes to Consolidated Financial Statements
UniFirst Corporation and Subsidiaries

4. LONG-TERM OBLIGATIONS

Long-term obligations outstanding on the accompanying consolidated balance sheets are as follows:

	August 29, 1998	August 30, 1997
Unsecured revolving credit agreement with two banks, interest rates of 6.06% and 6.19%, respectively	$ 40,275,000	$33,279,000
Notes payable, interest from 5.2% - 8.5%, payable in various installments through 2005	4,798,000	4,782,000
Amounts due for restrictive covenants and other, payable in various installments through 2005	2,076,000	2,776,000
	47,149,000	40,837,000
Less - current maturities	1,194,000	1,040,000
	$ 45,955,000	$39,797,000

Aggregate current maturities of long-term obligations for each of the next five years are $1,194,000, $41,116,000, $938,000, $891,000, $673,000 and $2,337,000 thereafter.

The Company's unsecured revolving credit agreement runs through December 31, 1999. As of August 29, 1998, the maximum line of credit was $60,000,000.

In 1996 the Company entered into an interest rate swap agreement with a bank, notional amount $15,000,000, maturing December 12, 1998. The Company pays a fixed rate of 5.53% and receives a variable rate tied to the LIBOR rate. As of August 29, 1998 the variable rate was 5.63%.

Certain of the long-term obligations contain among other things, provisions regarding net worth and debt coverage. Under the most restrictive of these provisions, the Company was required to maintain minimum consolidated tangible net worth of $149,952,000 as of August 29, 1998. Certain notes payable are guaranteed or secured by assets of the Company.

As of August 29, 1998 and August 30, 1997, the fair market values of the Company's outstanding debt and swap agreement approximate their carrying value.

Notes to Consolidated Financial Statements
UniFirst Corporation and Subsidiaries

5. EMPLOYEE BENEFIT PLANS

The Company has a profit sharing plan with a 401(k) feature for all eligible employees not under collective bargaining agreements. The amount of the Company's contribution is determined at the discretion of the Company. Contributions charged to expense under the plan were $5,649,000 in 1998, $4,882,000 in 1997 and $4,184,000 in 1996.

Some employees under collective bargaining agreements are covered by union-sponsored multi-employer pension plans. Company contributions, generally based upon hours worked, are in accordance with negotiated labor contracts. Payments to the plans amounted to $389,000 in 1998, $279,000 in 1997 and $221,000 in 1996. Information is not readily available for the Company to determine its share of unfunded vested benefits, if any, under these plans.

6. OTHER ASSETS

Other assets on the accompanying consolidated balance sheets are as follows:

	August 29, 1998	August 30, 1997
Customer contracts, restrictive covenants and other assets arising from acquisitions, less accumulated amortization of $23,272,000 and $19,433,000, respectively	$24,107,000	$24,804,000
Goodwill, less accumulated amortization of $4,162,000 and $3,455,000, respectively	24,208,000	21,389,000
Other	2,085,000	2,022,000
	$50,400,000	$48,215,000

7. ACCRUED LIABILITIES

Accrued liabilities on the accompanying consolidated balance sheets are as follows:

	August 29, 1998	August 30, 1997
Insurance	$17,921,000	$17,735,000
Payroll related	15,748,000	13,818,000
Other	11,432,000	14,084,000
	$45,101,000	$45,637,000

Notes to Consolidated Financial Statements
UniFirst Corporation and Subsidiaries

8. COMMITMENTS AND CONTINGENCIES

Lease Commitments
The Company leases certain buildings from independent parties. Total rent expense on all leases was $2,685,000 in 1998, $2,401,000 in 1997 and $2,108,000 in 1996.

Annual minimum lease commitments for all years subsequent to August 29, 1998 are $2,346,000 in 1999, $1,534,000 in 2000, $1,136,000 in 2001, $610,000 in 2002, $319,000 in 2003 and $15,000 thereafter.

Contingencies
The Company and its subsidiaries are subject to legal proceedings and claims arising from the conduct of their business operations, including personal injury, customer contract, employment claims and environmental matters. In the opinion of management, such proceedings and claims are not likely to result in losses which would have a material adverse effect upon the financial position or results of operations of the Company.

As security for certain agreements, the Company had standby irrevocable bank commercial letters of credit and mortgages of $15,118,000 and $18,182,000 outstanding as of August 29, 1998 and August 30, 1997, respectively.

9. SHAREHOLDERS' EQUITY

The significant attributes of each type of stock are as follows:

Common stock -- Each share is entitled to one vote and is freely transferable. Each share of common stock is entitled to a cash dividend equal to 125% of any cash dividend paid on each share of Class B common stock.

Class B common stock -- Each share is entitled to ten votes and can be converted to common stock on a share-for-share basis. Until converted to common stock, however, Class B shares are not freely transferable.

The Company adopted an incentive stock option plan in November, 1996 and reserved 150,000 shares of common stock for issue under the plan. As of August 29, 1998 no options had been granted under the plan.

Report of Independent Public Accountants

To the Board of Directors and Shareholders of UniFirst Corporation:

We have audited the accompanying consolidated balance sheets of UniFirst Corporation (a Massachusetts corporation) and subsidiaries as of August 29, 1998 and August 30, 1997 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended August 29, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UniFirst Corporation and subsidiaries as of August 29, 1998 and August 30, 1997, and the results of their operations and their cash flows for each of the three years in the period ended August 29, 1998, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
November 3, 1998

Management's Discussion and Analysis of Financial Condition and Results of Operations

UniFirst Corporation and Subsidiaries

Fiscal Year Ended August 29, 1998 Compared with Fiscal Year Ended August 30, 1997

Revenues. In 1998 revenues increased 6.9% to $448.1 million as compared with $419.1 million for 1997. This increase can be attributed to growth from existing operations (5.0%), acquisitions (0.9%) and price increases (1.0%). Growth from existing operations was primarily from the conventional uniform rental business. The increase in revenues from acquisitions resulted from three acquisitions made in fiscal 1997 (two in Massachusetts in February and August 1997 and one in Vancouver, British Columbia in April 1997) and two acquisitions made in fiscal 1998 (one in California in March 1998, and one in Alabama in June 1998).

Operating Costs. Operating costs increased to $269.7 million for 1998 as compared with $256.9 million for 1997 as a result of costs associated with increased revenues, but declined to 60.2% from 61.3% as a percentage of revenues for these periods. The improvement in operating costs as a percentage of revenues was due primarily to the Company's continued focus on controlling costs. In July 1998 the Company changed the estimated service lives and related amortization periods for rental merchandise in service, from primarily 12 months to primarily 15 months. This resulted in approximately $2.0 million, or 0.4% of revenues, less in garment amortization expense than if the amortization period had not been changed.

Selling and Administrative Expenses. The Company's selling and administrative expenses increased to $97.6 million for 1998 as compared with $91.8 million for 1997, primarily due to increased sales personnel and other costs to support the Company's increased revenues. The Company's selling and administrative expenses as a percentage of revenues decreased slightly to 21.8% in 1998 from 21.9% in 1997.

Depreciation and Amortization. The Company's depreciation and amortization expense increased to $26.6 million, or 5.9% of revenues, for 1998 as compared with $23.4 million, or 5.6% of revenues, for 1997. This increase was due primarily to increased capital expenditures for the Company's new distribution center in Owensboro, KY and information systems hardware and software to upgrade certain Company-wide systems.

Net Interest Expense. Net interest expense was $2.3 million for 1998 as compared to $2.1 million in 1997. The increase was attributable primarily to higher debt levels, offset by lower interest rates, during 1998. Net interest expense was 0.5% of revenues for each period.

Income Taxes. The Company's effective income tax rate was 36.0% in both 1998 and 1997.

Fiscal Year Ended August 30, 1997 Compared with Fiscal Year Ended August 31, 1996

Revenues. In 1997 revenues increased 7.0% to $419.1 million as compared with $391.8 million for 1996. This increase can be attributed to growth from existing operations (5.5%), acquisitions (2.4%) and price increases (1.0%), offset by one week less of revenue in 1997 (1.9%). Growth from existing operations was primarily from the conventional rental business. The increase in revenues attributable to acquisitions primarily resulted from three 1996 acquisitions made in California, Michigan and Oklahoma.

Operating Costs. Operating costs increased to $256.9 million for 1997 as compared with $240.7 million for 1996 as a result of costs associated with increased revenues. The Company's operating costs as a percentage of revenues decreased slightly to 61.3% in 1997 from 61.5% in 1996.

Selling and Administrative Expenses. The Company's selling and administrative expenses increased to $91.8 million for 1997 as compared with $89.4 million in 1996, but declined to 21.9% of revenues in 1997 from 22.8% of revenues in 1996. The increase in selling and administrative expense was primarily attributable to commissions and other costs associated with increased staffing levels to support the expansion of the Company's business throughout the period. The decrease in selling and administrative expense as a percentage of revenues was primarily due to reduced professional services and consulting fees.

Depreciation and Amortization. The Company's depreciation and amortization expense increased to $23.4 million, or 5.6% of revenues, for 1997 as compared with $20.8 million, or 5.3% of revenues, for 1996. This increase in depreciation and amortization expense as a percentage of revenues was due primarily to increased capital expenditures to expand and update Company facilities in 1997.

Net Interest Expense. Net interest expense declined to $2.1 million, or 0.5% of revenues, in 1997 as compared to $2.4 million, or 0.6% of revenues, in 1996. The decrease was attributable to lower interest rates.

Income Taxes. The Company's effective income tax rate was 36.0% in both 1997 and 1996.

Liquidity and Capital Resources

Shareholders' equity at August 29, 1998 was $246.4 million, or 83.9% of total capitalization.

Net cash provided by operating activities was $51.8 million in fiscal 1998 and totaled $149.0 million for the three years ended August 29, 1998. These cash flows were used primarily to fund $117.7 million in capital expenditures to expand and update Company facilities, including construction of new facilities in Owensboro, Kentucky; Atlanta, Georgia; Pompano Beach, Florida; and Corpus Christi, Texas. Additionally, $33.0 million was used for acquisitions during this three year period.

Liquidity and Capital Resources (continued)

The Company had $5.3 million in cash and $19.7 million available on its $60 million unsecured line of credit with two banks as of August 29, 1998. The Company believes its generated cash from operations and the Company's borrowing capacity will adequately cover its foreseeable capital requirements.

Seasonality

Historically, the Company's revenues and operating results have varied from quarter to quarter and are expected to continue to fluctuate in the future. These fluctuations have been due to a number of factors, including: general economic conditions in the Company's markets; the timing of acquisitions and of commencing start-up operations and related costs; the effectiveness of integrating acquired businesses and start-up operations; the timing of nuclear plant outages; capital expenditures; seasonal rental and purchasing patterns of the Company's customers; and price changes in response to competitive factors. In addition, the Company's operating results historically have been lower during the second and fourth fiscal quarters than during the other quarters of the fiscal year. The operating results for any historical quarter are not necessarily indicative of the results to be expected for an entire fiscal year or any other interim periods.

Information Systems; Year 2000

The Company has made a substantial investment in its information systems and intends to spend significant amounts on its information systems in the future. The Company has been evaluating Year 2000 (Y2K) issues concerning the ability of systems to properly recognize date sensitive information when the year changes to 2000. Systems that do not properly recognize such information could generate erroneous data or cause complete system failures.

State of Readiness: The Company has used a five-step process to manage its Y2K program: 1. Inventory (identify items to be assessed for Y2K readiness); 2. Assessment (prioritize the inventoried items, assess and document their Y2K readiness and plan corrective actions); 3. Renovation/Upgrade (apply corrective actions); 4. Testing (verify corrective actions); 5. Implementation (implement new system). The Company believes that its recently developed account management system, which is used primarily for customer billing, accounts receivable and sales taxes, and the materials management and catalog sales systems which were installed at its Owensboro, KY facility are Y2K compliant. Additionally, as part of an ongoing IS initiative, the Company is in the process of installing a new third party payroll and human resources system which has been represented to be Y2K compliant -- implementation is planned for February, 1999. The Company has grouped the rest of its information systems and technology into 3 categories for its Y2K program: 1. Information Technology (computer hardware and software, including financial systems and electronic data interchange (EDI) interfaces); 2. Physical Plant (production equipment and facilities); 3. Extended Enterprise (suppliers and customers). The Company has, at a minimum, reached the renovation/upgrade step on all projects. Some projects are currently being tested and a number of projects have been implemented.

Information Systems; Year 2000 (continued)

Costs: The Company expects that the total cost of its Y2K program will range from $1.0 to $1.5 million. As of August 29, 1998 the Company had spent approximately $0.5 million. These costs do not include the account management, Owensboro, KY and new payroll and human resources systems discussed above.

Risks of Y2K issues and Contingency Plans: Since the beginning of its Y2K program, the Company has focused its resources on the systems which are critical to its business operations. While the Company has addressed the Y2K risks within its control, there are other risks, such as utilities and other suppliers, which are beyond the immediate control of the Company. Based on current information, the Company believes that the Y2K problem will not have a material adverse effect on the results of operations of the Company. There can, however, be no assurances that Y2K remediation by others, including suppliers, will be properly completed, and failure to do so could have a material adverse effect on the results of operations of the Company. Contingency plans are in the process of being developed for all Y2K projects which are critical to the Company's business operations.

Effects of Inflation

Inflation has had the effect of increasing the reported amounts of the Company's revenues and costs. The Company uses the last-in, first-out (LIFO) method to value a significant portion of inventories. This method tends to reduce the amount of income due to inflation included in the Company's results of operations. The Company believes that, through increases in its prices and productivity improvements, it has been able to recover increases in costs and expenses attributable to inflation.

Safe Harbor for Forward Looking Statements

Forward looking statements contained in this annual report are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995 and are highly dependent upon a variety of important factors that could cause actual results to differ materially from those reflected in such forward looking statements. Such factors include those indicated in the section entitled "Risk Factors" in the Company's Prospectus, dated March 18, 1998, as well as the risks and uncertainties relating to the centralization of certain of the Company's operations at its Owensboro, KY distribution facility, the Company's handling of the Year 2000 issue, and the Company's ability to control manufacturing and operating costs. When used in this annual report, the words "intend," "anticipate," "believe," "estimate," and "expect" and similar expressions as they relate to the Company are included to identify such forward looking statements.

Quarterly Financial Data (Unaudited)
UniFirst Corporation and Subsidiaries

The following is a summary of the results of operations for each of the quarters within the years ended August 29, 1998 and August 30, 1997.

(In thousands, except per share amounts)

1998	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$112,402	$109,344	$114,066	$112,240
Income before income taxes	13,791	9,779	13,597	14,692
Net income	8,826	6,259	8,702	9,403
Weighted average shares outstanding	20,511	20,511	20,511	20,511
Net income per share	$ 0.43	$ 0.31	$ 0.42	$ 0.46

1997	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$103,976	$102,064	$107,124	$105,929
Income before income taxes	12,274	8,638	11,535	12,436
Net income	7,855	5,529	7,382	7,957
Weighted average shares outstanding	20,511	20,511	20,511	20,511
Net income per share	$ 0.38	$ 0.27	$ 0.36	$ 0.39

Common Stock Prices and Dividends Per Share
For the Years Ended August 29, 1998 and August 30, 1997:

	Price Per Share		Dividends Per Share	
1998	High	Low	Class B Common Stock	Common Stock
First Quarter	$25 13/16	$22 1/4	$0.024	$0.030
Second Quarter	28 1/16	24 9/16	0.024	0.030
Third Quarter	29	25 1/2	0.024	0.030
Fourth Quarter	29 1/2	22	0.024	0.030

	Price Per Share		Dividends Per Share	
1997	High	Low	Class B Common Stock	Common Stock
First Quarter	$21 3/4	$18 1/4	$0.024	$0.030
Second Quarter	23	20 1/8	0.024	0.030
Third Quarter	21 1/8	18 3/4	0.024	0.030
Fourth Quarter	25 1/2	18 7/8	0.024	0.030

The Company's common shares are traded on the New York Stock Exchange (NYSE Symbol: UNF).

The approximate number of shareholders of record of the Company's common stock and Class B common stock as of November 3, 1998 were 156 and 19 respectively.

Eleven Year Financial Summary
UniFirst Corporation and Subsidiaries

Fiscal Year Ended August (in thousands, except ratios and per share amounts)	1998	1997	1996	1995	1994	1993	1992	1991
Summary of Operations								
Revenues	$ 448,052	$ 419,093	$ 391,794	$ 355,041	$ 318,039	$ 287,728	$ 268,190	$ 250,432
Income from operations, before depreciation and amortization	80,804	70,387	61,729	53,725	50,369	47,199	42,010	38,562
Depreciation and amortization	26,629	23,386	20,814	19,194	17,912	16,454	15,999	14,229
Income from operations	54,175	47,001	40,915	34,531	32,457	30,745	26,011	24,333
Interest expense (income), net	2,316	2,118	2,398	2,787	2,513	2,669	4,098	4,320
Provision for income taxes	18,669	16,160	13,855	11,110	11,073	10,387	7,570	6,803
Net income	33,190	28,723	24,662	20,634	18,871	17,689	14,343 *	13,210
Financial Position at Year End								
Total assets	$ 376,130	$ 339,626	$ 302,378	$ 272,691	$ 250,160	$ 219,064	$ 212,097	$ 204,398

Long-term obligations	47,149	40,837	39,365	36,376	41,602	32,231	47,641	52,032
Shareholders' equity	246,374	217,192	191,109	168,596	149,472	132,723	117,329	105,888
Financial Ratios								
Net income as a % of revenues	7.4%	6.9%	6.3%	5.8%	5.9%	6.1%	5.3%	5.3%
Return on average shareholders' equity	14.3%	14.1%	13.7%	13.0%	13.4%	14.1%	12.9%	13.2%
Weighted average number of shares outstanding	20,511	20,511	20,511	20,511	20,506	20,453	20,451	20,426
Per Share Data								
Revenues	$ 21.84	$ 20.43	$ 19.10	$ 17.31	$ 15.51	$ 14.07	$ 13.11	$ 12.26
Income from operations, before depreciation and amortization	3.94	3.43	3.01	2.62	2.46	2.31	2.05	1.89
Net Income								
Basic	1.62	1.40	1.20	1.01	0.92	0.86	0.70	0.65
Diluted	1.62	1.40	1.20	1.01	0.92	0.86	0.67	0.63
Shareholders' equity	12.01	10.59	9.32	8.22	7.29	6.49	5.74	5.18
Dividends								
Common stock	.12	.12	.11	.10	.10	.10	.06	.06
Class B common stock	.10	.10	.09	.08	.08	.04	--	--

Per share amounts for all years have been restated to reflect a two-for-one stock split declared by the Board of Directors on November 18, 1993.

* Amount reflects income before extraordinary item and accounting change. Net income was $12,923.

Fiscal Year Ended August (in thousands, except ratios and per share amounts)	1990	1989	1988
Summary of Operations			
Revenues	$ 226,682	$ 212,731	$ 196,296
Income from operations, before depreciation and amortization	38,749	35,768	32,207
Depreciation and amortization	12,422	12,309	12,298
Income from operations	26,327	23,459	19,909
Interest expense (income), net	3,513	4,880	5,965
Provision for income taxes	8,516	6,968	5,289
Net income	14,298	11,611	8,655
Financial Position at Year End			
Total assets	$ 189,411	$ 172,389	$ 171,010
Long-term obligations	53,134	53,735	66,476
Shareholders' equity	93,739	80,249	69,127
Financial Ratios			
Net income as a % of revenues	6.3%	5.5%	4.4%
Return on average shareholders' equity	16.4%	15.6%	13.3%

Weighted average number of shares outstanding	20,431	20,353	20,168
Per Share Data			
Revenues	$ 11.09	$ 10.45	$ 9.73
Income from operations, before depreciation and amortization	1.90	1.76	1.60
Net Income			
Basic	0.70	0.57	0.43
Diluted	0.67	0.56	0.43
Shareholders' equity	4.59	3.94	3.43
Dividends			
Common stock	.06	.05	.05
Class B common stock	--	--	--

Per share amounts for all years have been restated to reflect a two-for-one stock split declared by the Board of Directors on November 18, 1993.

Exhibit 21

List of subsidiaries of the Company:

Interstate Nuclear Services Corp.
Interstate Uniform Manufacturing of Puerto Rico, Inc.
Superior Products & Equipment Co., Inc.
UniFirst Canada Ltd.
UniFirst Holdings, L.P.
UTWO Corporation
UR Corporation
Tennessee Uniform and Towel Service, Inc.
Euro Nuclear Services B.V.

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports dated November 3, 1998 incorporated by reference or included in this Form 10-K, into the Company's previously filed Registration Statement File No. 33-60781.

ARTHUR ANDERSEN LLP

Boston, Massachusetts
November 25, 1998

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF UNIFIRST CORPORATION FOR THE FISCAL YEAR ENDED AUGUST 29, 1998, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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